CLAIMS

We claim:

1.   A computer implemented method for conducting an auction of securities on the Web, comprising the acts of:

>   providing a bid mechanism whereby bidders are rewarded for anonymously revealing their bids early;

>   providing an allocation of the securities which allows winning bidders to pay a single market-clearing price that sells out the securities; and

>   providing a system whereby all participants can monitor the auction in real time.

2.   The method of claim 1 wherein the securities comprise equity or debt securities.

3.   The method of claim 1 wherein the securities comprise commodities.

4.   The method of claim 3 wherein the commodities comprise gold , silver or other commodities traded on a licensed commodity exchange.

5.   The method of claim 1 wherein the bid mechanism comprises an open Dutch auction process.

6.   The method of claim 1 wherein the bid mechanism, whereby bidders are rewarded for anonymously revealing their bids early, comprises the additional act of entering a competitive bid comprising a desired quantity of securities and two spreads over a benchmark treasury security.

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7. The method of claim 6 wherein the two spreads over a benchmark treasury security are stated in terms of one basis point increments.

8. The method of claim 6 wherein two spreads over a benchmark treasury security comprise a first spread component and a second spread component, and wherein the first spread component will be revealed to other bidders or investors over the web by the openbook system, but identity of the investor who entered the first spread component will be anonymous (that is, not disclosed by the openbook system).

9. The method of claim 8 wherein the second spread component may not be less than the first spread component by more than a protected spread range.

10. The method of claim 9 wherein the second component (designated the "final bid") will not be revealed to other bidders or investors until after the auction ends.

11. The method of claim 8 wherein the first spread component (the "initial bid") will not be part of a firm offer by a bidder or investor at the time of auction close.

12. The method of claim 6 wherein the bidder may enter a bid in addition to or in place of a competitive bid (designated a "non-competitive" bid) comprising a desired quantity of securities and a spread equal to a designated minimum spread over the benchmark treasury security.

13. The method of claim 12 wherein new competitive bids and new non-competitive bids will be marked with a time stamp at a time when a confirmation of a bid is received by the openbook system.

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14.   The method of claim 1 wherein the allocation of the securities which allows winning bidders to pay a single market-clearing price that sells out the securities comprises the additional acts of:

conducting an open Dutch auction for a specific security auction deal by

5   means of the openbook system web-based system, wherein a quantity of securities to be auctioned is designated a "deal size";

at the end of the auction arranging approved bids from lowest to highest final bid price or spread component of a non-competitive bid;

designating bids as acceptable bids, all approved bids starting with a

10   lowest final bid or lowest spread component for a non-competitive bid until an aggregate quantity of securities requested by the approved bids is greater that or equal to the deal size;

designating as a "clearing spread", the lowest spread component that results in the aggregate quantity of securities requested by the approved bids being

15   greater that or equal to the deal size;

arranging all acceptable bids in order from earliest to latest time stamp value; and

allocating the securities to the acceptable bidders according to rules agreed upon prior to beginning the auction.

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15.   An apparatus for conducting an auction of securities on the Web, comprising:

a computer system, connected to Internet communications devices whereby bidders at remote terminals can communicate with the computer

25   system;

a bid mechanism means coupled to the computer system for rewarding bidders for anonymously revealing their bids early;

an allocation means coupled to the bid mechanism means for allocation of the securities which allows winning bidders to pay a single

30   market-clearing price that sells out the securities; and

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a display means at the remote terminals, coupled to the computer system via the Internet whereby all participants can monitor the auction in real time.

16. The apparatus of claim 15 wherein the securities comprise debt securities.

17. The apparatus of claim 15 wherein the securities comprise commodities.

18. The apparatus of claim 17 wherein the commodities comprise gold or silver.

19. The apparatus of claim 15 wherein the bid mechanism comprises an open Dutch auction process.

20. In a network having a user node including a browser program coupled to said network, said user node providing requests for information and providing bidding input commands on said network, a network node comprising:

- an openbook system auction server node responsive to a request from said user node to participate in a securities auction as a qualified bidder, whereby the openbook system auction server node provides a bid mechanism through which bidders are rewarded for anonymously revealing their bids early, and provides an allocation of securities which allows winning bidders to pay a single market-clearing price that sells out the offered securities, and provides a system whereby all participating users can monitor the securities auction at the user node.

21. An openbook system auction server node in accordance with claim 20, wherein said securities comprise debt securities.

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22. An openbook system auction server node in accordance with claim 20, wherein said securities comprise commodities.

23. An openbook auction server node in accordance with claim 22, wherein the commodities comprise gold or silver.

24. An openbook system auction server node in accordance with claim 20, wherein the bid mechanism comprises an open Dutch auction process.

25. An openbook system auction server node in accordance with claim 21, wherein the bid mechanism whereby bidders are rewarded for anonymously revealing their bids early comprises entering a competitive bid comprising a desired quantity of securities and two spreads over a benchmark treasury security.

26. An openbook system auction server node in accordance with claim 25, wherein the two spreads over a benchmark treasury security are stated in terms of one basis point increments.

27. An openbook system auction server node in accordance with claim 25, wherein the two spreads over a benchmark treasury security comprise a first spread component and a second spread component, and wherein the first spread component will be revealed to other bidders or investors over the web by openbook system, but identity of the investor who entered the first spread component will be anonymous (that is, not disclosed by the openbook system).

28. An openbook auction server node in accordance with claim 27, wherein the second spread component may not be less than the first spread component by more than a protected spread range.

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29. An openbook system auction server node in accordance with claim 28, wherein the second component (designated the "final bid") will not be revealed to other bidders or investors until after the auction ends.

5   30. An openbook system auction server node in accordance with claim 27, wherein the first spread component (the "initial bid") will not be part of a firm offer by a bidder or investor at the time of auction close.

        31. An openbook system auction server node in accordance with claim
10   25, wherein the bidder may enter a bid in addition to or in place of a competitive bid (designated a "non-competitive" bid) comprising a desired quantity of securities and a spread equal to a designated minimum spread over the benchmark treasury security.

15   32. An openbook system auction server node in accordance with claim 31, wherein new competitive bids and new non-competitive bids will be marked with a time stamp at a time when a confirmation of a bid is received by the openbook system.

20   33. An openbook system auction server node in accordance with claim 20, wherein the allocation of the securities which allows winning bidders to pay a single market-clearing price that sells out the securities comprises:
        a first code mechanism for conducting an open Dutch auction for a specific security auction deal, wherein a quantity of securities to be auctioned is
25   designated a "deal size";
        a second code mechanism coupled to the first code mechanism for arranging approved bids from lowest to highest final bid price or spread component of a non-competitive bid, the arranging being performed at the end of the auction;
30   a third code mechanism coupled to the second code mechanism for designating as acceptable bids, all approved bids starting with a lowest final bid or

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lowest spread component for a non-competitive bid until an aggregate quantity of securities requested by the approved bids is greater that or equal to the deal size;

a fourth code mechanism coupled to the third code mechanism for designating as a "clearing spread", the lowest spread component that results in the

5 aggregate quantity of securities requested by the approved bids being greater that or equal to the deal size;

a fifth code mechanism coupled to the fourth code mechanism for arranging all acceptable bids in order from earliest to latest time stamp value; and

a sixth code mechanism coupled to the fifth code mechanism for allocating

10 the securities to the acceptable bidders according to rules agreed upon prior to beginning the auction.

34. A computer program product stored on a computed useable medium, comprising;

15 computer readable program means for causing the computer to conduct an auction of securities on the Web;

provide a bid mechanism whereby auction bidders are rewarded for anonymously revealing their bids early;

provide an allocation of the securities which allows winning bidders to pay

20 a single market-clearing price that sells out the securities; and

provide a system whereby all participants can monitor the auction in real time.

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